

Contents

Preface xxiii

About the Authors xxvii

PART 1 AN OVERVIEW AND HISTORY OF MANAGEMENT 1

1 An Overview of Management 1

INSIDE MANAGEMENT: Lowe's Leader Takes On Home Improvement 2

Introduction 2

The Nature of Management 3

The Impact of Management 3

The Functions of Management 6

 Planning 6

 Organizing 6

 Leading 7

 Controlling 7

Management Decision Making 8

Management Roles 8

MANAGEMENT INSIGHTS: Stripe CEO Offers a Fresh Perspective
on Decision Making 9

 Interpersonal Roles 10

 Informational Roles 10

 Decisional Roles 11

Management Skills 12

 General Skills 12

 Specific Skills 13

Situational Differences in Management Activities 14

 Level of Management 14

BUSINESS DILEMMA: Forever Green 15

 Area of Management 16

 Organizational Size 17

 Organizational Culture 18

 Industry 18

 Profit versus Nonprofit Organizations 19

Emerging Trends in Management 19

Adoption of Technology 20

Remote Work 20

Ethics, Social Responsibility, and ESG 20

PROFILES IN MANAGEMENT: Julie Sweet 21

Can You Learn Management in Class? 22

Summary and Review 22

Key Terms and Concepts 23

Ready Recall 24

Chapter Quiz 24

Expand Your Experience 25

Strengthen Your Skills 26

Case 1: Order Up: Potbelly under New Management 27

Notes 28

2

History of Management Thought

31

INSIDE MANAGEMENT: Business Maxims of the Late 1800s 32

Introduction 32

Historical Background 33

The Protestant Ethic 33

Capitalism and the Division of Labor 33

The Industrial Revolution 34

The Productivity Problem 34

The Development of Management Theories 35

The Classical Approach 35

Scientific Management 36

Administrative Management 40

Contributions of the Classical Approach to Management Theory 43

The Behavioral Approach 43

Mary Parker Follett 43

The Hawthorne Studies 44

Abraham H. Maslow 45

Douglas McGregor 46

MANAGEMENT INSIGHTS: Improving the Employee Experience through Maslow's Hierarchy 47

Sigmund Freud 47

Carl Jung and Myers Briggs 48

The Systems Approach 48

Chester Barnard 49

W. Edwards Deming 50

The Contingency Approach 50

Twenty-First-Century Management 50

BUSINESS DILEMMA: Ignite United 51

Peter Drucker 51

The Learning Organization 52

PROFILES IN MANAGEMENT: Peter Senge 53

Management Theory: Past, Present, and Future 54

Summary and Review 55

Key Terms and Concepts 56

Ready Recall 56

Chapter Quiz 56

Expand Your Experience 57

Strengthen Your Skills 58

Case 2: The History of Haney's Appledale Farm 58

Notes 59

PART 2 ENVIRONMENTAL AND SOCIAL ISSUES IN MANAGEMENT 63

3

The Environment of Management

63

INSIDE MANAGEMENT: Spotify Rocks the Music Industry 64

Introduction 64

The Nature of the Environment 64

The General Environment 66

The Sociocultural Dimension 66

The Political-Legal Dimension 67

The Technological Dimension 70

The Economic Dimension 71

The Global Dimension 72

The Task Environment 72

Suppliers 72

Customers 73

MANAGEMENT INSIGHTS: Another Tomorrow Unravels Ethical Sourcing 74

Substitutes 74

Competitors 75

Potential New Competitors 75

The Internal Environment 76

Owners 76

Managers 76

Employees 77

Corporate Governance 77

BUSINESS DILEMMA: E-LUXE Motors 78

Stakeholder View of the Environment 79

Identifying Stakeholders 79

Gathering Information about Stakeholders in the Environment 81

Techniques for Interacting with the Environment 81

PROFILES IN MANAGEMENT: Satish Malhotra	82
The Importance of the External Environment	83
Constraints on Viewing the Environment	83
Dimensions of the External Environment	84
<i>Summary and Review</i>	86
<i>Key Terms and Concepts</i>	87
<i>Ready Recall</i>	87
<i>Chapter Quiz</i>	87
<i>Expand Your Experience</i>	88
<i>Strengthen Your Skills</i>	88
<i>Case 3: Dollar General's Strategy Pays Off</i>	89
<i>Notes</i>	90

4

Ethics and Social Responsibility

93

INSIDE MANAGEMENT: A Lax Approach Led to Credit Suisse's Scandals	94
Introduction	94
What Is Business Ethics?	95
Why Is Ethics Important in Management?	95
Recognizing Ethical Issues in Management	96
Ethical Issues in Management	97
BUSINESS DILEMMA: Supreme Deluxe	98
Making Decisions about Ethical Issues	99
The Ethical Decision-Making Process	100
The Role of Individual Factors in Ethical Behavior	100
Organizational Factors	101
The Role of Opportunity	102
Ethics and Compliance Programs	103
The Nature of Social Responsibility	106
Arguments For and Against Social Responsibility	107
Evolution of Social Responsibility	108
The Environmental, Social, and Governance Framework	109
Social Responsibility Issues	109
Relations with Owners and Investors	110
MANAGEMENT INSIGHTS: Rough Landing with Airbus Scandals	111
Employee Relations	111
Consumer Relations	112
Sustainability Issues	112
Alternative and Renewable Energy	114
Community Relations	117
PROFILES IN MANAGEMENT: Mary Barra	118
Social Audits	118

Summary and Review 119
Key Terms and Concepts 120
Ready Recall 120
Chapter Quiz 121
Expand Your Experience 122
Strengthen Your Skills 122
Case 4: Social Responsibility Is in Style at Patagonia 123
Notes 124

5

Managing in a Global World

127

INSIDE MANAGEMENT: illycaffè Brews a Global Supply Chain 128

Introduction 128

The Global Business Environment 129

The Sociocultural Environment 129
The Political-Legal Environment 132
The Economic Environment 136

Levels of Organizational Involvement in Global Business 139

Exporting and Importing 140
Trading Companies 140
Licensing and Franchising 141
Contract Manufacturing 141
Joint Ventures and Strategic Alliances 141
Direct Investment 142

PROFILES IN MANAGEMENT: Daniel Zhang 143

Multinational Corporation 143

Regional Trade Alliances and Agreements 143

BUSINESS DILEMMA: Audiotech Electronics 144

The United States–Mexico–Canada Agreement (USMCA) 144
The European Union 145
Association of Southeast Asian Nations 146
Southern Common Market (Mercosur) 146

Managing Global Business 147

MANAGEMENT INSIGHTS: McDonald's Gets a Slow Start in Vietnam 148

Summary and Review 148

Key Terms and Concepts 149

Ready Recall 149

Chapter Quiz 150

Expand Your Experience 151

Strengthen Your Skills 151

Case 5: Walmart Takes Its Everyday Low Prices around the World 152

Notes 154

INSIDE MANAGEMENT: This Nonprofit Helps Startups Start Right 158**Introduction 158****The Nature of Planning 158****The Benefits of Planning 159**

Focus 160

Coordination 160

Motivation 160

Steps in Planning 161

Creating the Mission Statement 161

Assessing the Current Situation 162

Stating Goals 163

Evaluating the Gap between Current Position and Desired Position 166

Specifying Assumptions about the Future 166

Creating the Plan 167

Implementing the Plan 168

Evaluating the Results of the Plan 168

Strategic Management 169

Scope and Resource Deployment 169

Synergy and Competitive Advantage 169

BUSINESS DILEMMA: Hair Today 170**The Strategic Management Process 171**

Analyzing Strengths, Weaknesses, Opportunities, and Threats 171

Strategy Formulation 172

Evaluating the Strategic Plan 172

Strategic Control 173

Levels of Strategy 173

Ethics and Compliance 173

Corporate 174

Business 174

Functional 175

Integrating the Levels of Strategy 175

Corporate Strategy 175

Strategies for Dealing with Multi-Business Organizations 175

PROFILES IN MANAGEMENT: Warren Buffett 176

Portfolio Analysis 177

Business-Level Strategy 180

Types of Business Unit Strategy 180

Product Life Cycle and Business Strategy 181

Implementing Strategy 182

Skills 182

Staffing	182
Shared Values	183
Strategic Management Pros and Cons	183
Tactical Plans	183
Effective Planning	184
MANAGEMENT INSIGHTS: Toshiba Plans Its Recovery	185
<i>Summary and Review</i>	185
<i>Key Terms and Concepts</i>	187
<i>Ready Recall</i>	187
<i>Chapter Quiz</i>	187
<i>Expand Your Experience</i>	188
<i>Strengthen Your Skills</i>	188
<i>Case 6: TOMS Plans to Put the Right Foot Forward</i>	189
<i>Notes</i>	190

7

Decision Making

193

INSIDE MANAGEMENT: U.S. Companies Depart Russia amid Uncertainty 194

Introduction 194

The Essence of Decision Making 195

- Types of Decisions 195
- Conditions Affecting Decision Making 195

The Steps in the Decision-Making Process 197

- Identifying the Problem 197
- Generating Alternative Courses of Action 197
- Evaluating the Alternatives 198
- Selecting the Best Alternative 198
- Implementing the Decision 199
- Evaluating the Decision 199

Decision-Making Models 200

- The Classical Model 200
- The Administrative Model 200
- The Political Model 201
- Applying Decision-Making Models to the Real World 201

Four General Decision-Making Styles 202

- Directive 202
- Analytical 202
- Conceptual 203
- Behavioral 203

Factors That Affect Decision Making 203

- Emotion and Stress 205
- Framing 205
- Escalation of Commitment 206
- Confidence and Risk Propensity 207

Decision Making in Groups 207

BUSINESS DILEMMA: XJS Plastics Company 208

Participative Decision Making 209

Group Decision Techniques 210

MANAGEMENT INSIGHTS: Restaurants Deciding if Robots Make Cents 211

Individual versus Group Decision Making 212

PROFILES IN MANAGEMENT: Marvin Ellison 214

Summary and Review 214

Key Terms and Concepts 216

Ready Recall 216

Chapter Quiz 216

Expand Your Experience 217

Strengthen Your Skills 217

Case 7: Google Decides How to Protect People's Privacy 219

Notes 220

PART 4 ORGANIZING 223

8

**Organizing: Designing Jobs, Departments,
and the Overall Organization**

223

INSIDE MANAGEMENT: The CDC Introduces Reorganization After COVID

Criticisms 224

Introduction 224

The Nature of Organizing 225

Organizational Culture 225

Formal and Informal Relationships of Organizational Structure 226

The Process of Organizing 228

Grouping Tasks into Jobs 228

Classical Job Design 229

Determining Authority Relationships 232

Authority and Responsibility 232

Authority Relationships 232

BUSINESS DILEMMA: Sodie's Sodas 233

Balancing Authority and Responsibility 235

Organizational Structure 237

Functional Structure 238

Multidivisional Structure 238

Matrix Structure 242

Network Organizations/Outsourcing 242

Team Structures and Remote Organizations 243

Latent Structures: What the Organization Is Really Like? 244

Tall and Flat Organizations 244

MANAGEMENT INSIGHTS: Subway Finds Its Way 245

Types of Latent Structures 245

Relation of Formal Structures to Latent Structures 246

Factors Affecting Organizational Structure 246

Organization Size 246

Organization Life Cycle 247

Strategy 249

Environment 249

Technology 251

Coordinating Different Parts of the Organization 252

Coordinating Mechanism 252

How Coordinating Mechanisms Work 253

Configurations of Structural Types 253

Simple Structure 253

Machine Bureaucracy 254

Professional Bureaucracy 254

Divisionalized Form 254

PROFILES IN MANAGEMENT: Tim Cook 255

Adhocracy 255

How Best to Structure the Organization 256

Summary and Review 256

Key Terms and Concepts 258

Ready Recall 258

Chapter Quiz 259

Expand Your Experience 259

Strengthen Your Skills 260

Case 8: Tesla Accelerates Communication with Flat Organization 261

Notes 262

9

Human Resource Management

265

INSIDE MANAGEMENT: Using Artificial Intelligence to Find the Best Talent 266

Introduction 266

The Nature of Human Resource Management 266

The Importance of Human Resource Management 267

Information Needed for Human Resource Management 267

Human Resource Planning 268

Forecasting Demand 268

Recruiting 269

The Purposes of Recruiting 269

Fulfilling Recruiting Purposes 270

Selecting Employees 271

The Application 271

The Interview 273

Tests	273
Reference Checks	274
Orientation and Training	275
Orientation	275
Training	275
Appraising Performance	277
Objective Measures	278
Subjective Measures	278
Compensating Employees	279
BUSINESS DILEMMA: Travel On Demand	280
Determining Compensation	280
Bonuses	282
Benefits	282
Promoting, Transferring, and Terminating Employees	284
Promotions and Transfers	284
Termination	284
Legal Aspects of Termination	285
The Legal Environment of Human Resource Management	286
Importance of Diversity, Equity, and Inclusion	288
MANAGEMENT INSIGHTS: From A to Z: Amazon Resists Unionization	289
PROFILES IN MANAGEMENT: Donna Morris	290
<i>Summary and Review</i>	291
<i>Key Terms and Concepts</i>	292
<i>Ready Recall</i>	292
<i>Chapter Quiz</i>	292
<i>Expand Your Experience</i>	293
<i>Strengthen Your Skills</i>	293
<i>Case 9: Employee Relations Put to the Test during COVID-19</i>	294
<i>Notes</i>	295

10 Organizational Change and Innovation 299

INSIDE MANAGEMENT: Microsoft Cracks the Code on Organizational Change	300
Introduction	300
The Nature of Organizational Change	300
Forces Causing Organizational Change	301
Dimensions of Organizational Change	302
Types of Organizational Change	304
MANAGEMENT INSIGHTS: Salesforce Is a Force to Be Reckoned With	305
Models of Planned Change	306
Lewin's Model of Change	307
Congruence Model of Change	308

Comprehensive Model of Planned Change 308

- Recognizing the Need for Change 308
- Creating Readiness for Change 309
- Overcoming Resistance to Change 309
- Creating a Vision 312
- Developing Political Support 313
- Managing the Transition 314
- Sustaining the Momentum of the Change 315

Organizational Development 315

- The Nature of Organizational Development 315

BUSINESS DILEMMA: Hamburger Deluxe 316

- OD Interventions 317

PROFILES IN MANAGEMENT: Safra Catz 320

- Summary and Review 321*
- Key Terms and Concepts 322*
- Ready Recall 322*
- Chapter Quiz 323*
- Expand Your Experience 324*
- Strengthen Your Skills 324*
- Case 10: Chevron Gasses Up on Green Energy 324*
- Notes 326*

PART 5 LEADING 329

11

Effective Leadership in the Organization

329

INSIDE MANAGEMENT: Inside FirstEnergy's Leadership Shakeup 330

Introduction 330

The Nature of Leadership 330

- Leadership versus Management 331
- Sources of Power 331
- The Use of Power 333
- Empowerment 334

Trait Approach to Leadership 335

- Emotional Intelligence 335

Behavioral Models of Leadership 336

- The Ohio State Studies 336
- The University of Michigan Studies 336
- Adaptation of the Leadership Grid 337

Contingency Theories of Leadership 338

- Situational Leadership Theory 338
- Fiedler's Contingency Theory 340
- Path-Goal Theory 341

Current Trends in the Study and Practice of Leadership 342

Leadership Substitutes Theory 342

BUSINESS DILEMMA: ABC Paint 343

Leader-Member Exchange Theory 344

Charismatic Leadership 344

Authentic Leadership 345

Servant Leadership 346

Transactional versus Transformational Leadership 346

MANAGEMENT INSIGHTS: Walgreen's Rosalind Brewer Says Listening Is the Key to Leadership 347

Gender and Leadership 348

PROFILES IN MANAGEMENT: Kenneth Frazier 349

The Leadership Challenge 350

Summary and Review 352

Key Terms and Concepts 353

Ready Recall 353

Chapter Quiz 353

Expand Your Experience 354

Strengthen Your Skills 355

Case 11: Apple Bites into Leadership 356

Notes 357

12

Motivating People

361

INSIDE MANAGEMENT: The Big Quit Reveals Big Problems 362

Introduction 362

What Is Motivation? 363

The Importance of Motivation 364

Historical Perspectives of Motivation 365

Content Theories of Motivation 366

Maslow's Hierarchy of Needs 366

Alderfer's ERG Theory 368

Herzberg's Two-Factor Theory 368

McClelland's Achievement Theory 369

MANAGEMENT INSIGHTS: Yankee Candle Maker Fires Up Its Employees 370

Process Theories of Motivation 371

Equity Theory 371

Expectancy Theory 371

Goal-Setting Theory 373

Learning Theories 374

Reinforcement Theory 374

BUSINESS DILEMMA: TJS Interactive 376

Social Learning Theory 377

Motivation and Job Design	378
Hackman and Oldham's Job Characteristics Model	378
Flexible Scheduling in Work Design	379
PROFILES IN MANAGEMENT: Francine Katsoudas	381
Paying for Performance	382
Integration of Motivation Theories	382
<i>Summary and Review</i>	383
<i>Key Terms and Concepts</i>	384
<i>Ready Recall</i>	385
<i>Chapter Quiz</i>	385
<i>Expand Your Experience</i>	386
<i>Strengthen Your Skills</i>	386
<i>Case 12: Motivation at Wells Fargo Goes Bankrupt</i>	387
<i>Notes</i>	388

13 Effective Team Management

391

INSIDE MANAGEMENT: CVS Health Goes Big on Committees	392
Introduction	392
The Nature of Groups and Teams	392
Groups versus Teams	393
Benefits of Teams	394
Structural Influences on Group Effectiveness	395
Types of Groups and Teams	395
Size of Groups	398
MANAGEMENT INSIGHTS: Timberland Supports Sustainability through Teamwork	399
BUSINESS DILEMMA: Ultimate Courier	400
Composition of Groups	401
Process Influences on Group and Team Effectiveness	401
Stages of Group and Team Development	401
Group Norms	403
Group Roles	405
Group Cohesiveness	406
Additional Interpersonal Processes	408
Contextual Influences on Group Effectiveness	411
Problems in Groups	412
PROFILES IN MANAGEMENT: Bob Chapman	413
Conformity and Agreement	414
Politics	415
<i>Summary and Review</i>	416
<i>Key Terms and Concepts</i>	417
<i>Ready Recall</i>	417

Chapter Quiz 417
Expand Your Experience 418
Strengthen Your Skills 418
Case 13: Zoom Booms as Virtual Teams Grow 419
Notes 420

14 Communicating in Organizations

423

INSIDE MANAGEMENT: Automattic Develops Effective Communication in the Remote Work Era 424

Introduction 424

What Is Communication? 425

The Importance of Communication in the Business World 425

The Communication Process 425

Forms of Communication 427

Verbal Communication 427

Written Communication 428

Digital Communication 429

Nonverbal Communication 429

Listening 431

Communication Channels 431

Perception and Distortion 432

Communicating in Organizations 433

Formal Communication 433

Informal Communication Channels 435

Communication in Groups and Teams 436

Gender Differences in Communication 437

Barriers to Effective Communication 438

Personal Barriers 438

BUSINESS DILEMMA: Micro Elite Electric 440

Organizational Barriers 441

Environmental Barriers 442

Overcoming Communication Barriers 442

MANAGEMENT INSIGHTS: Sugar Bowl Bakery Rises to Success 445

PROFILES IN MANAGEMENT: Julia Goldin 446

Summary and Review 446

Key Terms and Concepts 448

Ready Recall 448

Chapter Quiz 448

Expand Your Experience 449

Strengthen Your Skills 449

Case 14: Communication Now Streaming on Netflix 450

Notes 451

15 Management Control Systems

453

INSIDE MANAGEMENT: Artificial Intelligence Takes on Accounting 454

Introduction 454

Control in Organizations 454

The Importance of Control 455

Responsibilities for Control 456

MANAGEMENT INSIGHTS: Scentsy Has It Under Control 457

The Link between Planning and Controlling 457

The Control Process 458

Establishing Performance Standards 458

Measuring Performance 459

Comparing Performance against Standards 459

Evaluating Performance and Taking Corrective Action 459

Forms of Management Control 461

Bureaucratic Control 461

Clan Control 461

Bureaucratic or Clan Control? 462

Operations Control 462

Strategic Control 464

Financial Control 465

Nonfinancial Control 468

BUSINESS DILEMMA: Williams, Johnson, and Jones 469**Managing the Control Process 469**

Developing the Control Process 470

Overcoming Resistance to Control 473

PROFILES IN MANAGEMENT: W. Craig Jelinek 475

Signs of Inadequate Control Systems 475

*Summary and Review 476**Key Terms and Concepts 477**Ready Recall 477**Chapter Quiz 478**Expand Your Experience 479**Strengthen Your Skills 479**Case 15: Home Depot Takes a Do-It-Yourself Approach to Control Systems 479**Notes 481*

16 Managing Operations and Increasing Productivity

485

INSIDE MANAGEMENT: Robots Take on Supply Chain Management 486

Introduction 486

The Nature of Operations Management 487

Historical Perspective 488

Operations in Service Businesses 489

MANAGEMENT INSIGHTS: Starbucks Brews a Hi-Tech Supply Chain 490

Planning and Designing Operations Systems 491

Planning the Product 491

Designing the Operations Processes 491

Planning Capacity 492

Planning Facilities 493

Technology 494

BUSINESS DILEMMA: Pizza and More 496

Managing the Supply Chain 496

Logistics 497

Purchasing 498

Managing Inventory 500

Outsourcing 501

Routing and Scheduling 501

Managing Quality 503

Establishing Standards 503

Inspection 504

Sampling 505

Continuous Improvement 505

Managing Productivity 506

Measuring Productivity 506

The Importance of Productivity 506

Improving Productivity 507

PROFILES IN MANAGEMENT: Ana Corrales 508

Summary and Review 509

Key Terms and Concepts 510

Ready Recall 511

Chapter Quiz 511

Expand Your Experience 512

Strengthen Your Skills 512

Case 16: Toyota Gets Lean with Manufacturing 513

Notes 514

Appendix A Entrepreneurship and Small Business

517

INSIDE MANAGEMENT: Small Businesses Adapt to Endure the Pandemic 518

Introduction 518

The Nature of Entrepreneurship and Small Business 519

Defining Small Business 520

The Role of Small Business in the American Economy 520

Industries That Attract Small Business 522

Reasons for Small-Business Success	524
Independence and Autonomy	525
Taking Advantage of Market Opportunities	526
Causes of Small-Business Failure	526
Undercapitalization	526
BUSINESS DILEMMA: Impress Imprints	527
Managerial Inexperience or Incompetence	527
Inability to Manage Growth	528
Starting a Small Business	528
The Business Plan	528
Forms of Business Ownership	530
Financial Resources	531
MANAGEMENT INSIGHTS: Entrepreneurs Swim with Sharks	533
Approaches to Starting a Small Business	534
Help for Small-Business Managers	534
Entrepreneurship in Large Businesses	535
PROFILES IN MANAGEMENT: Bianca Shellie Robinson	536
<i>Summary and Review</i>	537
<i>Key Terms and Concepts</i>	537
<i>Ready Recall</i>	537
<i>Appendix Quiz</i>	538
<i>Expand Your Experience</i>	539
<i>Strengthen Your Skills</i>	539
<i>Appendix Case: Inside Social Entrepreneurship at Sseko Designs</i>	540
<i>Notes</i>	540

Appendix B Work Ethic: *Self-Assessment*

543

<i>End-of-Chapter and Appendix A Quiz Answers</i>	547
<i>Glossary</i>	G-1
<i>Name Index</i>	I-1
<i>Company Index</i>	I-3
<i>Subject Index</i>	I-8